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Report of the Secretary-General in pursuance of paragraph 19 of resolution 1478 (2003) concerning Liberia

I. Introduction

1. In paragraph 17 of its resolution 1478 (2003) of 6 May 2003, the Security Council decided that, effective 7 July 2003, all States should take the necessary measures to prevent, for a period of 10 months, the import into their territories of all round logs and timber products originating in Liberia.

2. In paragraph 19 of the resolution, the Security Council requested the Secretary-General to provide, by 7 August 2003, a report on the possible humanitarian or socio-economic impact of the measures imposed by paragraph 17 of the resolution. The present report is submitted pursuant to that request.

II. Procedure and methodology

3. The two main challenges associated with undertaking assessments of the potential humanitarian and socio-economic effects of sanctions are (a) to establish the current status of humanitarian and socio-economic conditions in the sanctioned country; and (b) to separate the effects of sanctions from those of other factors. Both of those challenges were particularly acute for the present assessment given that the ongoing conflict in Liberia — in particular the upsurge in fighting since March 2003 — represents the dominant factor affecting the humanitarian and socio-economic situation in the country. Moreover, the prevailing security situation precluded access to Liberia for the purpose of assessing current conditions, and limited direct communication with interlocutors in Liberia.

4. Given these difficulties, and the fact that the timber sanctions came into effect only on 7 July 2003, the present assessment must be viewed as a preliminary evaluation of the potential impact of the restrictions on Liberian timber. It is based on secondary sources of data, and on remote discussions with a broad range of actors, including United Nations agencies; Liberian citizens; trade associations or organizations and non-governmental organizations. Secondary data sources included selected Government of Liberia agencies and ministries. These sources must be treated with caution, however, given the overt inconsistencies in the data, and questions regarding the reliability and integrity of reported statistics.

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5. The procedure for undertaking this assessment included the following steps: (a) a review of existing literature and data from secondary sources; (b) compilation of a list of survey questions; (c) engagement with a broad range of actors to request information on economic and humanitarian conditions in Liberia; (d) distillation of the information from the literature review and survey responses; and (e) analysis of the impact of timber sanctions on humanitarian and socio-economic conditions.

6. The methodology used for this assessment employs humanitarian and socio-economic indicators from relevant sectors (health, food and nutrition, education, economic status, governance and demography) to assist in identifying the causal links between sanctions and conditions of life in Liberia, and to track changes in those conditions. The indicators were chosen on the basis of criteria including availability of data; reliability of sources; the responsiveness of the indicators to changes over a period of time; and their proximity to possible unintended consequences of the sanctions. In addition, a "scenario testing" approach was used to assist in separating the potential effects of sanctions from the effects of the conflict.

7. Various efforts were made to compensate for the lack of direct access to the region, including in-depth telephone or electronic interviews and communications, and discussions with actors having direct and recent experience of conditions in Liberia. Ongoing consultations with the United Nations country team for Liberia, in particular, provided up-to-date information on humanitarian conditions and data on recent trends in economic conditions.

III. Present situation in Liberia

Economic and social conditions

8. The rapid post-war economic growth experienced by Liberia during 1997-2000, with annual growth rates between 20 and 30 per cent, slowed sharply in 2001, and during 2002 there was a significant decline in the economic situation and the standard of living of rural and urban households. Estimates made by the Economist Intelligence Unit from June 2003 point to growth in Liberia's real gross domestic product (GDP) of 5.3 per cent in 2001 and contraction of GDP by 5 per cent during 2002. If the conflict continues the Economist Intelligence Unit predicts that GDP could continue to contract by 10 per cent during 2003-2004.

9. According to International Monetary Fund (IMF) estimates, Liberia's GDP was US$ 561.8 million, or $169.20 per capita, in 2002 (at current prices), and although this represents an increase compared to 1998 ($359.6 million), it nonetheless constitutes only 45.9 per cent of pre-war (1987) GDP. Liberia has a national debt burden in excess of $2.8 billion and is therefore unable to generate the required resources domestically and internationally to revive the economy to pre-war levels.

10. Government expenditure for fiscal year 2000/01 was $82.5 million, and fell to $78.6 million for fiscal year 2001/02, while budgeted expenditure for 2002/03 was $70 million. The tight fiscal constraints have resulted in significant arrears in payment of salaries (reported as eight months in December 2002) for most of the 57,000 government employees, who constitute 46 per cent of formal sector employees, and serious reductions in basic social services. Government spending in the health and education sectors for 2002 was budgeted at $2.7 million and

$2 million, respectively. Given that official estimates of government revenue amounted to only 35 per cent of projected revenue for the first six months of 2003, it is unlikely that the Government is now in a position to provide any funding for even the most basic social services.

11. With a total population of 3.3 million (UNFPA, 2002), Liberia has an estimated available labour force of 1.05 million. However, just over 123,000 people were employed in the formal economy (public and private sectors) at the end of 2001, 507,000 more being engaged in activities in the informal sector, mostly petty trading. This points to an increase in formal sector unemployment from an estimated 85 per cent in 1997/98 to 88.3 per cent by January 2002. Further evidence of entrenched poverty in Liberia is reflected in the fact that an estimated 76.2 per cent of the population exists on less than $1 per day.

12. The volatile situation in the country has also resulted in a continuing increase in the general price level of essential commodities in the Liberian economy thereby depreciating the real value of the Liberian dollar. The average currency exchange rate was 48.6 Liberian dollars to one United States dollar in 2001, 61.8 in 2002, and 75 to 80 in mid-June 2003. Average annual consumer price inflation rose from 2 per cent in 1999 to 20 per cent in 2002, while the increased fighting in Monrovia in June 2003 resulted in reported increases in prices of food staples of between 50 and 200 per cent.

Humanitarian conditions

13. Liberia is in the midst of a humanitarian crisis of immense proportions and the situation continues to deteriorate with the ongoing hostilities and the chaos that reigns in the capital Monrovia. At present there are at least 350,000 internally displaced persons in the vicinity of Monrovia. Many of them have fled violence two or three times in the past few months. The internally displaced persons are scattered among at least 90 impromptu settlements around the capital without access to clean drinking water, proper shelter or sanitation facilities. As a result, diseases such as cholera and malaria are on the rise, particularly among children.

14. Humanitarian activities in Liberia have experienced severe constraints for more than a year because of insecurity, and there has been only limited or sporadic access to vulnerable populations. Since March 2003 humanitarian access has been further restricted to approximately 20 per cent of the country, which means that the large majority of Liberia's population cannot receive any humanitarian assistance. This situation has deteriorated still further since the fighting in Monrovia during the month of June. Although there are substantial food reserves in Monrovia, insecurity has hampered food distribution and cash shortages have limited the commercial availability of food. As a result there are reports that malnutrition, particularly among children under 5, is on the rise because the environment is simply not safe enough for any sustained humanitarian operations. Humanitarian agencies are able to provide water and sanitation services to only a fraction of the internally displaced population.

15. In and around Monrovia, looting and robbery are widespread. Reports of human rights violations, including sexual violence and abuse, are persistent and residents in the makeshift camps complain of continued harassment by armed groups. Desperate people are unable to forage for food because they fear for their lives.

16. The resumption of fully-fledged humanitarian activities even within the capital will depend on the deployment of a robust stabilization force whose mandate would be not only to ensure the enforcement of the ceasefire but also to protect the civilian population and re-establish the conditions for sustained and safe delivery of effective humanitarian assistance.

17. The current humanitarian situation represents a precipitous decline in living conditions, which had already exhibited downward trends early in 2002. The underlying humanitarian environment prior to the upsurge in fighting was characterized by physical insecurity, widespread poverty, recent large population flows, poor access to adequate water and sanitation, food insecurity, and minimal healthcare services. These factors have conspired to accentuate the impact of the fighting.

18. The underlying situation at the national level is best captured by composite indicators such as the UNDP Human Development Index, which measures average achievements in human development on the basis of life expectancy, educational attainment, and standard of living on a scale of zero to one. The Index for Liberia was calculated by UNDP Liberia to be 0.3131 for 2001/02, compared to 0.325 a decade previously, placing Liberia among the poorest and least developed countries in the world. By comparison, the aggregate Human Development Index for all of sub-Saharan Africa in 2001 was 0.468, while Norway ranked highest that year with an index of 0.944. Another indicator, the under-5 mortality rankings compiled by UNICEF, placed Liberia at number 5 out of 193 countries or territories (rank 1 represents the highest under-5 mortality rate) in 2001. The under-5 mortality rate in 2001 was 235 per 1,000 live births, while the reported maternal mortality rate was 580 per 100,000 live births. Life expectancy at birth in 2001 was 41.5 years, and the adult literacy rate was 54.8 per cent (age 15 and above).

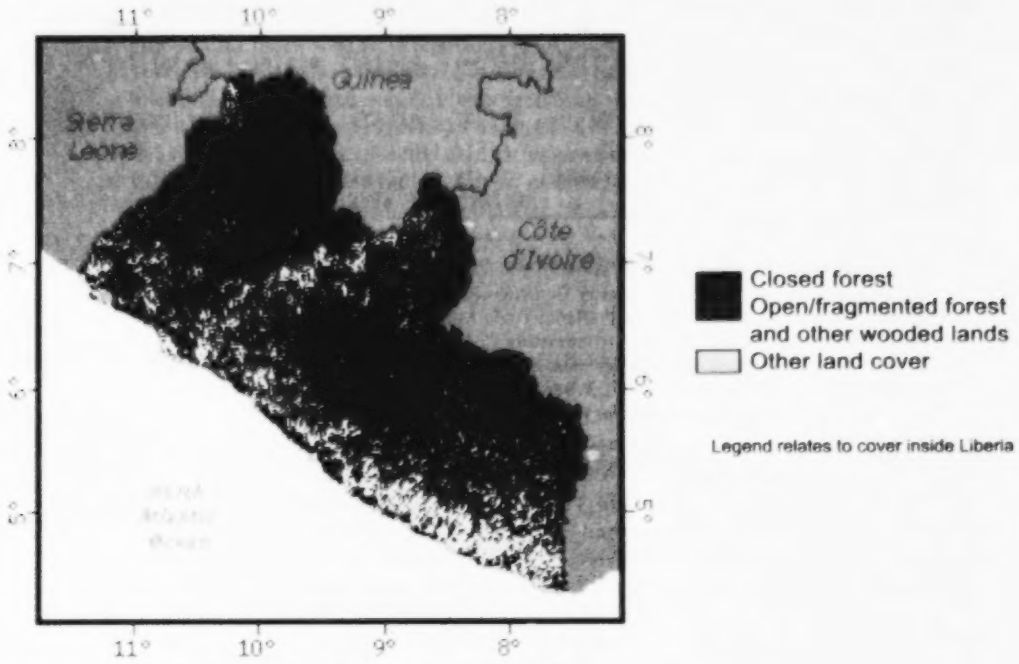
19. While there is insufficient data to establish precise trends in recent years, these indicators of underlying living conditions, even prior to the recent fighting, project the image of an already impoverished population. Moreover, general trends can be captured by qualitative information gathered by humanitarian agencies over the past 18 months, which points to increases in prices of basic food items, reduced access to healthcare services, and increased food insecurity; an estimated 35 per cent of the population is undernourished.

IV. Role of the timber industry in Liberia

Overview

20. Forests in Liberia constitute approximately 45 per cent of the remaining Upper Guinea Forest, which spans 10 West African States from Guinea to Cameroon. Depending on forest classification and data source, forest cover in Liberia was variously assessed as between 31.3 and 50 per cent of the total territory of Liberia in 2000. The forest areas, and logging activities, are located primarily in the north-west and south-east areas of the country (see figure 1).

Figure I
Map of forest cover in Liberia



Source: Adapted from FAO Forest Resource Assessment 2000 map.

21. Three types of products are derived from Liberia's forests, namely, industrial roundwood (round logs), sawn timber and woodfuel. Industrial roundwood of various species is produced primarily for export. The domestic market for timber in Liberia accounts for only a very small percentage of the total combined industrial roundwood and sawn timber consumption. The reported production of industrial roundwood and sawn timber in 2002 was 1,363,861 m^3 and 30,000 m^3, respectively. Woodfuel is used primarily for domestic energy needs.

22. The production of industrial roundwood was constrained during the civil war of 1989-1996 and has increased greatly since 1997. According to reports of the Government of Liberia Forestry Development Authority, production for the years 1997 to 2002 (inclusive) totalled 3,865,930 m^3, rising from 74,976 m^3 at the beginning of the reporting period to 1,363,861 m^3 in 2002 (see table). Several organizations monitoring the Liberian timber industry maintain however that these official figures understate the actual volume of the production.

Comparison of Liberia timber production and export (1997-2002)

	1997	*1998*	*1999*	*2000*	*2001*	*2002*
Industrial roundwood production (m^3)	74 976	157 098	353 543	934 160	982 292	1 363 861
Industrial roundwood export (m^3)	49 463	80 646	207 472	637 401	773 613	981 123
Timber export (FOB value, millions of United States dollars)	7.526	12.288	23.419 (37.236*)	67.505 (106.798*)	79.884 (103.679*)	146.473*

Note:

Please refer to text for details on the variability and reliability of data.

Production, export volumes and Forestry Development Authority export values are for industrial roundwood (round logs) only. Global Trade Atlas (GTA) data for timber export includes "Wood and articles of wood" (Commodity Code HS 44).

Source: All Forestry Development Authority data, except figures marked with an asterisk, which are Global Trade Atlas data (July 2003). Where both Forestry Development Authority and Global Trade Atlas data are available for the same year, GTA data is included in parentheses.

23. The 2001 annual report of the Forestry Development Authority listed 26 companies active in the production and export of round logs during that year. The Oriental Timber Corporation is the largest and most modern operator. It dominated the Liberian timber industry in terms of production, export and processing from the time the company was awarded two large logging concessions totalling 1.6 million hectares in 1999 (equivalent to one third of the natural forest cover), until April 2003. In May 2002 the United Kingdom-based non-governmental organization, Global Witness, reported that the number of active logging companies had been reduced or consolidated to 14. The reduction in logging activities was reflected in the overall reduction in foreign direct investment in Liberia, of which timber sector investment was a key component, from $27 million in 1999 to an estimated $2.8 million in 2002.

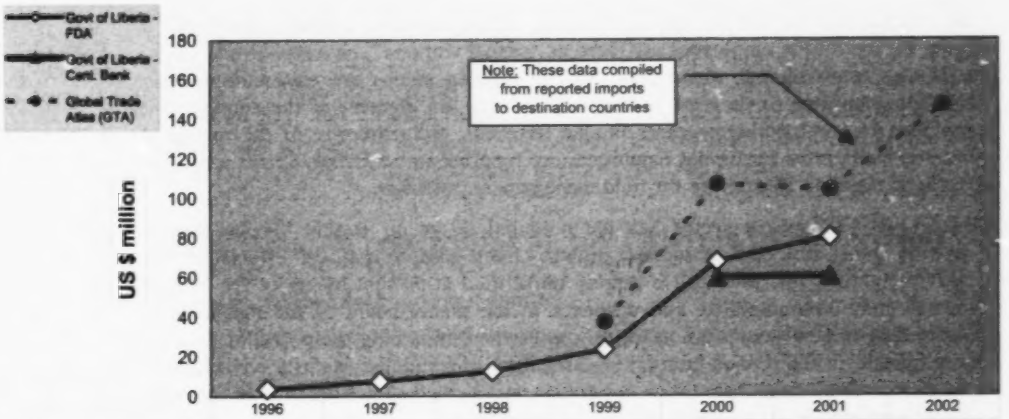
24. The continuing deterioration of the security situation in Liberia since the second half of 2002 has forced the logging industry to scale down its operations. Initially the constraints affected only the north and north-west of the country, primarily Lofa County, but since April 2003, they have also affected the south-east. Media reports quoting the spokesperson for the Oriental Timber Corporation reported on 1 May 2003 that the company had suspended all its logging operations because of insecurity; shortly after, logging activities in the south-east ceased almost completely when rebel forces seized the key seaports of Greenville and Harper.

Economic profile of the Liberian timber industry

25. Liberia's main export commodities in recent years have been round logs, rubber, cocoa beans and coffee. According to IMF, the forestry and logging sector accounted for 25.9 per cent of GDP, and 57.7 per cent of export revenue, in 2002, although these figures do not reflect the inconsistencies in the reported data outlined below.

26. Data for export revenues derived from Liberian timber exhibits internal (within the Government of Liberia) and external (comparisons with external sources) inconsistencies. According to the Forestry Development Authority, revenue for the export of round logs in 2001 totalled $79.884 million, while the Ministry of Finance and Central Bank of Liberia reported export revenue as $60.273 million for the same year. On the basis of imports of Liberian timber compiled from 24 reporting countries or territories during 2002, data from the Global Trade Atlas (July 2003) points to timber export revenue of $146,473,070. Moreover, in a report of the Panel of Experts on Liberia (S/2001/1015) it is asserted that export revenues for Liberia were likely to have been understated in official figures by as much as 50 to 200 per cent. Given these uncertainties in the data, it is reasonable to assume that Liberian timber export revenues for 2002 were at least $146 million, and possibly as much as $180 to 200 million. Data on export revenue from various sources is presented in figure 2.

Figure 2
Comparison of export revenue data for Liberian timber, various sources



	1996	1997	1998	1999	2000	2001	2002
Govt of Liberia - FDA	3.76	7.53	12.29	23.42	67.51	79.88	
Govt of Liberia - Cent. Bank					59.50	60.27	
Global Trade Atlas (GTA)				37.24	106.80	103.68	148.47

Employment in the timber industry

27. There are important discrepancies in the data on the workforce in the Liberian timber industry. The Ministry of Labour of the Government of Liberia reported combined employment in the agriculture, forestry and fishing industries as 9,945 in 2001, down from 11,700 in 2000. Speaking in Monrovia on 1 July 2003, the Minister of Finance, Charles Bright, asserted that the logging companies had employed 20,000 people. Using sources close to the Liberian timber industry, Global Witness reported that total employment in the Liberian logging industry was 5,478 in May 2002 and 4,688 in March 2003. Furthermore, early in 2003 the Oriental Timber Corporation asserted that the company employed 5,500 people. Three separate sources interviewed for this assessment suggested that the total average employment in the Liberian timber industry during 2002 and early in 2003 was 8,000.

28. Given the disparities among sources of data, it is not possible to identify the precise number of persons directly employed in the timber industry. It can reasonably be assumed, however, that the average employment level falls in the range of 5,000 to 8,000. This estimate does not reflect the annual reduction in employment in the industry during the rainy season (July-September), and also does not account for the reduction in employment when logging activities are constrained by fighting. In the months preceding the recent reduction in logging in May 2003, the level of employment was probably at the lower extreme of this range because of fighting between government forces and LURD in Lofa County/north-west Liberia in March, and MODEL advances in the south-east in April 2003.

29. Employment in the timber industry includes Liberian citizens and expatriates, the latter group comprising mostly Asian workers and workers from neighbouring countries. Notwithstanding the variations in the reported number of total employees, there appears to be broad agreement that the number of expatriate employees in the Liberian timber industry is between 1,500 and 1,750. For the range of total employees specified above (5,000-8,000), this represents between 20 and 32 per cent of the timber workforce.

30. Organizations that actively monitor the timber industry in Liberia report that a large number of the employees are hired as "casual workers", on a day-to-day basis. It is also reported that, since many of the logging camps are transient, shifting location according to the area in which they work, an element of the employment provided to local timber workers is also transient, and primarily of the unskilled variety. Daily rates for timber employees are reported to be $1.5 to $2 for unskilled workers, rising to $5 or more for field management positions.

31. Liberia's forestry sector has the potential to be an engine for sustainable revenue generation and economic growth. Even discounting the effects of the current fighting, this potential is largely unfulfilled at present owing to the lack of transparency, accountability and diligence in the management of the resource. In responding to a survey question for this assessment regarding the potential level of employment in the timber industry — assuming a conducive security environment and sustainable forestry practices — persons interviewed suggested that the industry could support at least 8,000 to 10,000 employees with the current level of infrastructure, and possibly as many as 20,000 employees with additional investment in timber processing plants.

Humanitarian and social influence of the timber industry*

32. It is evident that the timber industry has had both positive and negative consequences for social and humanitarian conditions in Liberia. The positive humanitarian and social effects of the timber industry have been (a) to provide employment for Liberians, including ex-combatants; (b) to support budgetary expenditure of the Government by contributing to government revenue (see below); (c) to provide indirect employment in sectors supported by the timber industry (for example, for port workers, petty business and service industries); (d) to stimulate demand in local markets by increasing the availability of disposable income among a small percentage of the population; and (e) to provide limited infrastructure such as roads, which in turn gives local communities access to non-local markets.

* There are important potential impacts of logging and reforestation on the sustainability of the sector and the ecology of the Liberian environment, but the present assessment had neither the mandate nor the expertise to explore and elaborate on these long-term issues.

33. The negative humanitarian and social effects of the timber industry include (a) rapid destruction of Liberia's forest resources, a key national economic asset, because of overexploitation and uncontrolled logging practices; (b) disruption of traditional forest-dwelling communities; (c) reported deplorable and even dangerous working conditions for timber workers; (d) reported sexual exploitation of women and teenage girls in communities surrounding logging camps; and (e) the provision of direct access to previously remote forest areas, which has resulted in a sharp increase in commercial hunting.

34. Furthermore, it has been alleged that certain actors involved in the timber industry have actively supported armed groups engaged in the conflict, whether by providing transport for or actual weapons; by providing funding to parties to the conflict; or by supporting independent militia groups. This raises questions regarding the role of the timber industry which have yet to be fully investigated. Moreover, the Panel of Experts on Liberia found that some of the timber companies active during 2001 were directly involved in violations of sanctions imposed by Security Council resolution 1343 (2001) (see S/2001/1015).

35. Several survey respondents independently confirmed the assertion that the logging industry does indeed represent an important source of employment in rural areas of Liberia, but that the primary benefits afforded to rural communities were the provision of road access, markets for their goods and some limited social services. At least two logging companies were reported to provide such limited social services. The Oriental Timber Company provided fee-based healthcare for workers, and support for the Buchanan hospital, and the Maryland Wood Processing Industries provided a school and clinic in Grebo National Forest.

V. Implications of restrictions on the Liberian timber industry

Separating timber sanctions and conflict

36. A critical element of this preliminary assessment of the impact of the ban on Liberian timber is the determination of the specific implications of the measures, as distinct from other factors influencing the conditions in Liberia. Given the recent changes in the intensity of the conflict, and its direct consequences for the humanitarian and economic conditions, the impact of the sanctions must be assessed taking into account this variability in underlying conditions.

37. One way to separate the impact of the sanctions from the impact of the fighting is to consider four scenarios: (a) fighting and sanctions (current conditions); (b) fighting and no sanctions (April 2003); (c) no fighting and sanctions; and (d) no fighting and no sanctions (2001, early 2002).

38. Under the current conditions ("fighting and sanctions"), the activities of the Liberian timber industry face the double constraints of insecurity and sanctions, either one of which is sufficient to preclude logging and subsequent export of timber products. Towards the end of April 2003, prior to the imposition of sanctions ("fighting and no sanctions"), logging activities were being curtailed significantly and were eventually halted as a result of the advances by rebel groups and the intensity of the conflict. Thus logging ceased because of insecurity, even when no sanctions were in place. Therefore, in situations where the intensity of the conflict

precludes or severely constrains logging activity, the humanitarian or socio-economic effects of the timber ban will be negligible.

39. Given that the conflict in Liberia brought the logging activities to a halt, it is not yet possible to demonstrate any measurable impact on the timber industry of the timber sanctions in force since 7 July 2003. Therefore, the analysis that follows explores what would be the impact of sanctions if the security situation permitted some level of logging activities ("no fighting and sanctions"). This is not the current situation in Liberia, but this approach is intended to assist in determining the impact of timber sanctions as the underlying conditions evolve.

Economic impact of restriction on timber

40. When logging activities are not already precluded by insecurity, timber sanctions will have an impact on economic activities at two levels, relating to the economic status and governance sectors employed in the methodology: (a) the national, macroeconomic level; and (b) the community and household level.

41. **National, macroeconomic level**. Previous sections of this report have highlighted the contribution of timber revenues to GDP and export earnings. In terms of government revenue, the timber industry paid $8.4 million to the Government of Liberia in 2001, and an estimated $13 million in 2002. The elimination of this source of revenue would have constituted a 12 per cent and an 18 per cent reduction in government revenue for 2001 and 2002, respectively.

42. **Community and household-level**. Timber sanctions will cause the loss of 5,000 to 8,000 jobs in the timber industry. However, many of the timber workers are casual workers, who work on short-term contracts and experience seasonal variation in their employment. In a worst case scenario (highest number of total employees; lowest number of expatriates), the domestic workforce of 6,500, representing 5.3 per cent of those employed in the formal sector, would lose their jobs. It is highly unlikely that those workers would be able to secure alternative employment in the formal sector. Since each employed person has an average of nine dependants, the timber sanctions will therefore remove a key avenue of economic support for up to 58,500 Liberians (1.77 per cent of the total population). A large portion of the timber workforce is reported to be ex-combatants, but this status cannot automatically be assumed to mean that these individuals do not also have dependants.

43. The timber industry also created secondary employment opportunities in the logging and ports areas where the companies operated. These were mostly small businesses run by the local population to serve the timber or port workers. The secondary activities are likely to be severely curtailed, and a large number of people engaged in such activities are expected to move to the already overcrowded area of Monrovia in search of jobs.

Humanitarian and social impact

44. Timber sanctions will affect humanitarian and social conditions in the sectors of health, food and nutrition, education and demography. In the health sector, timber sanctions will eliminate the limited healthcare that was provided by some of the logging companies (see para. 35). To the extent that the Oriental Timber Company supported activities at the company-built hospital in Buchanan, and will continue or

resume this support if fighting ceases, any such services will be eliminated as a result of sanctions. The number of beneficiaries of that facility is not known, however. Timber sanctions will also eliminate the limited infrastructure-related support provided by the logging companies, especially with regard to road construction. This has the potential to reduce access by and to rural communities. Because State-delivered social services are practically non-existent, the timber sanctions will not have a significant negative impact on publicly funded health services.

45. In the food and nutrition sector, the timber sanctions will probably result initially in reduced food security at the household level for the timber employees and their dependants affected by the ban. At least some of the unemployed workers will however revert to subsistence farming and this will reduce the medium-term impact on household-level food security. The increased level of unemployment is likely to also have an impact on the education sector and affect levels of school attendance by child dependants of unemployed timber workers. As for the demographic indicators affected, it is likely that changes in household composition will result as the remaining formal sector employees may be forced to support more dependants.

46. According to some organizations that observe the Liberian timber industry a large number of the timber workers are ex-combatants, mainly from the Liberian army. In the absence of compensatory employment or a comprehensive disarmament, demobilization and reintegration programme, there exists the risk that these former combatants will again take up arms and rejoin the warring parties.

47. To the extent that the timber sanctions might deny opportunities to the parties to the conflict to secure sources of revenue, sanctions will make it more difficult for those groups to sustain their fighting activities. It is therefore important to mention the possible positive impact that the timber sanctions might have on reducing the sustainability of the conflict, and hence also on the humanitarian and social conditions in the country. This assertion however requires long-term monitoring and assessment before it can be further substantiated.

VI. Observations

48. This assessment has determined that the timber sanctions on Liberia will have an impact on humanitarian and socio-economic conditions in the country only when the security environment does not already preclude timber export. It is clear that a newly reconstituted timber sector in Liberia — built on pillars of accountability and transparency — could be a driving force for economic growth and sustainable development in the country. This, however, will be feasible only in the absence of widespread conflict. In this regard, the current sanctions may actually provide the necessary breathing space to facilitate the reorientation of the industry. Moreover, it is in the context of a restructured timber industry and a conducive security environment that alternative sources of economic revenue such as rubber production or cash crop cultivation, could be encouraged. Such diversification would serve both to reduce Liberia's dependency on the timber industry and ensure that the timber sector does not re-emerge as a magnet for militia groups and exploitative corporations. The concluding paragraphs of this report explore possible options to mitigate this potential and conditional impact.

49. The development of an appropriate exemption procedure should be considered, and possible options could include (a) exemption for specified processed timber products which provide substantial value domestically, for example in terms of employment; or (b) exemption for round logs and sawn timber produced by listed companies which are pre-approved and whose logging policy and accounting practices are independently monitored.

50. Further possible exemptions to the current timber ban should be explored in line with the recommendations developed as part of the Stockholm Process, the Swedish initiative to enhance the effectiveness of targeted sanctions. These recommendations include processes of certification, as in the Kimberley Process, and listing of approved traders.

51. The feasibility of establishing a mechanism to allow the sale of Liberian timber under externally managed and audited conditions should also be considered. Timber approved for export under such conditions should require a certificate of origin, indicating the commercial entity that was responsible for extraction and processing. Obviously such a procedure would require an important administrative effort and substantial financial sources. Comprehensive considerations would therefore be required to explore this option further. The discussion of this option could benefit from experiences in the implementation of the humanitarian programme in Iraq established pursuant to Security Council resolution 986 (1995), and the diamond certification scheme developed under the Kimberley Process.

52. In addition to possible exemptions to the timber sanctions, specific humanitarian and development programmes should be developed that assist in mitigating the humanitarian and socio-economic impacts of the timber ban. The international donor community should be encouraged to make funds available to support such activities and programmes for local communities most affected by changes in employment as a result of the timber sanctions, such as reintegration programmes for former timber workers, including ex-combatants.

53. As indicated above, the present report represents a preliminary assessment, based on secondary sources and remote interviews and surveys. To assess the potential effects of the timber sanctions on Liberia over a period of time, especially in the light of the variability in the underlying factors (ongoing hostilities, logging seasons), the Security Council may wish to consider establishing a long-term monitoring mechanism to regularly review the possible implications of the sanctions regime.